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DEPARTMENT PLEASE PASS FOR WHA/CAR (MFORTIN, RBUDDEN),
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STATE PLEASE PASS TO USTR FOR BRUCE HIRSH

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [XL](#) [JM](#)

SUBJECT: JAMAICA: TIC FOLLOW UP RESPONSE

REF: A. 06 STATE 201767

[1](#)B. 01/05 FORTIN/MORGAN E-MAIL

[1](#)1. Summary: Post engaged GOJ and private sector contacts per instructions in ref. A. There was broad support for the concept of USG assistance, whatever form it might take, although some believed that DVCs may prove unwieldy and inefficient, as CARICOM member states must reach consensus on any positions taken. Representatives from the Caribbean Regional Negotiating Machinery (CRNM) sent a strong message that the first priority should be finalizing the update to the 1991 Trade and Investment Framework Agreement (TIFA). Nevertheless, there was agreement that the most fruitful areas to target USG expertise would be in public outreach and harmonization of legal frameworks. CRNM Lead Negotiator, Ambassador Richard Bernal, expressed a strong desire to see a senior USG official come to Kingston February 1-2 to meet with the Trade Ministers from CARICOM when they meet for the Council on Trade and Economic Development (COTED). End summary.

The Will and the Way

[1](#)2. Econoff met with various stakeholders to discuss possible avenues for follow up to the Trade and Investment Council (TIC) meeting in October 2006. Both GOJ officials and private sector individuals alike expressed a strong commitment to moving the process forward. They noted that if the Caribbean does not strengthen its regional integration, it risks being left behind in the global economy, as its members' economies are too small to compete on their own. Furthermore, according to Winton Dyer at the Ministry of Foreign Affairs and Foreign Trade (MFAFT), the GOJ has the technical capabilities to participate in Digital Video Conferences (DVCs) as asked in ref. A.

Finalize the TIFA

[1](#)3. Econoff met with Michelle Lowe of the Caribbean Regional Negotiating Machinery (CRNM) on January 4 (NOTE: Lowe attended the TIC in October. ENDNOTE). Lowe said that the top priority for CARICOM was text finalization of the Trade and Investment Framework Agreement (TIFA), and the region may be hesitant to proceed with DVCs until such time as the TIFA was updated. She placed particular emphasis on the Immediate Action Agenda (IAA). Lowe also noted that the initial phases of negotiation sometimes benefit from "face-to-face" interaction, although she conceded that financial constraints would make this difficult for the CARICOM member states.

¶4. Lowe also stated that the proposal to split into groups for the DVCs, no matter what the lines of division were, would be problematic given CARICOM's requirement that the member states coordinate their positions prior to negotiation. She did express hope, however, that the USG could provide technical expertise that would help the region with, in particular: trade facilitation, services, and protection of Intellectual Property Rights (IPR).

Ambassador Bernal Blusters

¶5. At this point, the lead negotiator for the CRNM - Ambassador Richard Bernal - entered and changed course somewhat. He told econoff that the USG should forget about strengthening regional integration, and should concentrate instead on helping the region with capacity-building for external trade. He noted that CARICOM had come a long way since the stalled negotiations for the Free Trade Area for the Americas (FTAA). Back then, he said, the region could not even understand the concept of Government Transparency in Procurement, much less agree to it. Now, he noted, it is an accepted practice in theory, even if they need further technical assistance.

¶6. With this in mind, Bernal outlined a "wishlist" of five areas in which the USG could offer practical expertise that would bring the region closer to the ability to negotiate a meaningful Free Trade Agreement at some point in the future:

-- Government Procurement: approaches and modalities for transparency and market access;

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-- Standards and Technical Barriers to Trade: a collaboration, for example, with USG standards-setting agencies to build institutional capacity and to facilitate information exchange;

-- Technical expertise on sanitary and phytosanitary measures;

-- Intellectual Property Rights protection: expanding, perhaps, on the training currently offered by the U.S. Patent and Trademark Office (USPTO); and,

-- Labor and the Environment: technical support that would bring the Caribbean into line with the USG approach.

¶7. Bernal closed by noting that the Trade Ministers of the region would be meeting in Kingston February 1-2. He observed that this would be a perfect opportunity for the USG to send a message about the depth of its commitment to exploring trade possibilities with the region. He expressed his strong desire (ref. B) to see a "very senior member" of the USG (NOTE: He specified USTR Schwab. ENDNOTE) come to Jamaica to attend a brief session of the Council on Trade and Economic Development (COTED), and to interact directly with the Ministers who must be "on board" if the TIC is to have any real, lasting effect.

A View from the MFAFT

¶8. On 8 January, econoff met with Robert Miller, the Head of the CSME Unit at the Ministry of Foreign Affairs and Foreign Trade. Miller was especially keen to highlight the two areas that he considered the most important by far: the need for greater public outreach and education, and the harmonization of legislation throughout the region.

¶9. Miller noted that there were many misperceptions among the public about the CSME. As noted elsewhere in the region, the

perception seems to be that the free movement of labor will merely mean the loss of Jamaican jobs to cheaper labor from elsewhere. He lamented that there was, thus far, little dialogue among the entrepreneurs in the region in an attempt to "carve up" niche markets and relative comparative advantages, something he believes to be essential to the success of the CSME. He conceded that the USG (through USAID) had been of some assistance with regard to public outreach, but lamented that there was often little lead time, and thus turnouts were small for public fora and discussions.

He hoped that - whatever form our assistance takes - the USG will give enough time to "do it properly." He also strongly recommended that the USG coordinate any efforts to this end with Ivor Caryll, who heads the regional unit in Bridgetown.

¶10. Regarding harmonizing legislation, Miller noted that Jamaica has passed all the legislation required of it to be compliant. He felt, however, that some of the smaller economies may not have the legal expertise that they require.

He further stated that he felt that the CARICOM Secretariat might need legal assistance.

¶11. In general, private sector stakeholders agreed with these assessments. Douglas Orane, the Chairman and CEO of the Grace Kennedy Group (a diverse network of companies engaged in the food processing, distribution, financial, and remittance sectors), told econoff that regionally, only a few companies were making the most of the opportunities available. He felt that a public education campaign would sensitize businesspeople, as well as assuaging the fears of small farmers and the urban working class that their jobs were not at risk.

Comment

¶12. The CSME is often cited as a political triumph, but its buzzwords outshine its achievements. Many interlocutors privately concede that the CSME has not drastically altered any of the realities that existed before the words "regional integration" became so prevalent. Virtually no one, furthermore, sincerely believes that there will be any significant level of economic harmonization on the policy front by 2008, the supposed deadline for full CSME implementation. With that in mind, the USG may do well to heed the words of Ambassador Bernal, and focus our efforts on trade capacity-building. Institution-building in the region may be a quagmire best avoided. End comment.

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